

AMERICAN AIRLINES

STATEMENT OF GERARD ARPEY CHAIRMAN AND CEO, AMERICAN AIRLINES BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON AVIATION OF THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

JULY 12, 2006

Thank you, Mr. Chairman for the opportunity to be with you this afternoon to share American's perspective on the Love Field compromise.

On behalf of the more than 90,000 employees of American Airlines, I want to extend our appreciation to the Committee for its prompt scheduling of this hearing today and for its willingness to expeditiously consider the proposed legislation regarding the Wright Amendment

I think it's fair to say that this is a day many in this room believed would never come, including I have to confess, myself. The controversy surrounding Love Field and the Wright Amendment has loomed over American Airlines longer than I have been with the company – and I was hired by American nearly 25 years ago.

I know the same is true for Southwest Airlines. But of course, the issue's importance extends far beyond any one company. The impact of what the Committee decides will be felt throughout Texas, the Southwest, and in hundreds of other communities around the country.

Almost two years ago, this Committee's Chairman, Don Young, declared that it was up to the communities in north Texas to reach a solution to the Wright Amendment controversy if changes in the law were to be made. We were grateful for that declaration because it showed a sensitivity to how complicated this issue is and how substantial an impact it has both locally and nationally. And importantly, over many years, Ranking Member Jim Oberstar has been a consistent advocate of maintaining the Wright Amendment for reasons of safety, efficiency, and sound economics, a position that I know carries enormous weight with his colleagues on this Committee.

Many other members of the House, both on and off the Committee, have vigorously rejected calls for repeal of the Wright Amendment. Among them, most notably, are Energy and Commerce Chairman Joe Barton, Kay Granger, John Sullivan, Michael Burgess, and Kenny Marchant. And I think it is very important to recognize that

on this Committee the representative of the district in which Love Field sits, Eddie Bernice Johnson, has been an outspoken advocate against repeal, a position and perspective that I hope will make a great difference in your deliberations.

I emphasize all this not to rehash old controversies, but to make the point that this debate is not between the proposed compromise, on the one hand, and immediate repeal of the Wright Amendment on the other. Rather, this is about either solving the problem once and for all, or returning to the status quo with the Wright Amendment firmly in place and the battle raging.

Some airlines who have sat on the sidelines and who have had the opportunity for years to fly to Love Field are attacking this compromise and proclaiming their sudden and heretofore secret desire to operate from Love Field. I urge the Committee to reject the attempts of the late-comers to be spoilers and to recognize the opportunity at hand by acting swiftly to enact legislation.

Despite the fact that American Airlines strongly endorses this proposed legislation, I have made no secret of the fact that my preference would have been either maintaining the Wright Amendment without change or closing Love Field to commercial traffic altogether. This compromise did not come easily for us. We have made two major concessions to get to this point.

First, we have agreed to support an immediate repeal of the provisions of the Wright Amendment that prevent through-ticketing to or from Love Field to points outside the states where service is allowed. Second, we have agreed to full repeal in eight years. Both of these concessions will be economically harmful to American.

In return, however, we have been assured that Love Field will not grow into a mammoth facility that would cause us to split our operations between two airports in such a way that both our small community and international service would be jeopardized from DFW Airport. While high density point-to-point markets can be supported from any major airport, it takes the synergies of a robust network to support service to smaller communities and to amass sufficient traffic in one point to sustain international service.

Hence, under this agreement, DFW Airport can remain a viable hub for American. In addition, we will be able to chart our future without the uncertainty of what might happen to the Wright Amendment. This is also why dozens of small and medium-sized communities throughout the nation have rallied to support the Wright Amendment and why choosing a sensible solution is not just good for north Texas, but for hundreds of communities that depend on a healthy DFW for access to the rest of the world.

We endorse this solution because it clearly defines the roles of the airports in this region, and comes with enforceable provisions that provide certainty about what service will occur at each airport, how large a role each airport will have in providing air service

for the region, and what level of environmental impact will be felt on the neighborhoods and schools around Love Field.

However, as all the witnesses today will testify, this is a very delicately balanced agreement. Any changes in the proposed legislation or the underlying agreement and contract among the parties will clearly jeopardize this remarkable achievement.

Finally, I would like to reiterate a point I made in my testimony last November in the Senate about my colleague and – until recently – adversary on this issue, Herb Kelleher. It is impossible not to have the utmost respect for the job Herb and his team have done at Southwest Airlines. We admire them greatly and compete with them vigorously. I know that Herb is as delighted as I am that we can now confine our battles to the marketplace, rather than the halls of Congress.

And I know that there is another thing that Herb and I agree upon. That is our admiration for the tenacity and effectiveness of Mayor Laura Miller of Dallas and Mayor Mike Moncrief of Fort Worth without whom we would not be here today. And in addition to all the members of the House that I noted previously, I would be remiss not to recognize the essential role that Senator Kay Bailey Hutchison has played in this process. No single individual was responsible for putting this compromise together, but I can't think of one in the House or the Senate or city government whom I have named that we could have done without.

Again, I want to thank the Committee for inviting me to be here to represent American Airlines and its many constituencies.